Foreign Agriculture

November 21, 1977

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Baling Mexican cotton for export.

Portugal Pushes Land Reform as Wheat Crop Hits 50-Year Low

Wheat production this year in Portugal's grain-producing south fell to one of its lowest levels in recent history and threatens to remain low in 1978 in the wake of continuing controversy over agrarian reform. For while a revised land reform progam launched in late September is intended to put Portugal's socialized farms on a self-sustaining basis, it is being met with strong resistance from collective farmworkers who see it as a threat to their producing units.

As its grain imports surge in response to the smallest wheat crop in half a century, Portugal is launching a revised land reform program that could prove to be one of the Government's toughest tests since the revolution of 1974.

Basis for the program is an agrarian reform law approved by the Portuguese Legislative Assembly on August 10 and implemented September 29.

According to John C. McDonald, former U.S. Agricultural Attaché, Lisbon,[1] the law will give a permanent stamp to land expropriation and redistribution begun in southern Portugal under authorization of a 1975 law. But the new legislation also aims at putting Government-owned farmlands on a self-sustaining basis and returning more land to former owners than previously permitted, with the attendant possibility of employment cutbacks on some farms.

The law—sometimes called the Barreto Law after its chief sponsor, Portuguese Minister of Agriculture and Fisheries Antonio Barreto—gives the Agriculture Minister broad powers to achieve these goals. Because of the possibility of labor cutbacks and more generous treatment of former landlords, it has met with strong resistance from the Rural Workers Syndicate.

Indeed, reports recently in from Portugal indicate that workers on agrarian reform units in the grain-heavy Alentejo have resisted the new law by cutting back on fall plantings of 1978 grain crops. As of late September, extensive areas in the Alentejo were reported unplowed, and land preparations were running behind schedule.

These conditions were aggravated by inadequate soil moisture, raising prospects of a repetition of poor 1977 wheat results, when output fell 72 percent below that of 1976 to only 186,000 metric tons.

The new law's major provisions include:

• Carefully regulated use of expropriated or nationalized land. As owner of the land, the State will insist upon the best and most efficient use, and all operators—whether private owners, cooperatives, or Collective Farming Units (UCP's)—will pay rental to the Government.

• Intensification and diversification of agriculture in southern Portugal, backed by readily available credits and subsidies. Agriculture Minister Barreto reportedly opposes huge farming estates, whether run collectively or, as in the past, by land barons, and plans to partition those that are too big and unwieldy to be efficient. One example is a single UCP of 28,000 hectares run by more than 1,000 workers.

The Minister also aims for a more intensive agriculture to replace the extensive farming now prevalent in most of southern Portugal and wants to diversify crop production.

• Expropriation or nationalization of rural properties that are evaluated at 70,000 points or more, compared with 50,000 points authorized in the 1975 law. (The point system is based on soil fertility, as well as land area and productive capacity.)

Former owners are entitled to keep a land "reserve" valued at 70,000 points. In special cases—such as joint ownership—more land will be left in the hands of private owners. Maximum re-

[1] Mr. McDonald is now Western Hemisphere Area Officer, FAS.

By Beverly Horsley, Associate Editor, Foreign Agriculture.

Clockwise from top: Harvesting grain on a farm in northern Portugal; transplanting rice seedlings; and preparing to transplant seedlings. Production of grain is an important agricultural industry in Portugal, especially in the country's southern half, where huge grain estates were occupied by Portuguese farmworkers following overthrow of the dictatorship in 1974.

serves allowed include about 350 hectares on farms with rich soils, 500 hectares on average land, and 700 hectares on extremely poor soils or where land is mainly in pasture and/or forests.

The new law also calls for the owners' reserves to be set aside before the remainder of the land is transferred to the Government. (Under the 1975 legislation, land was expropriated before previous owners were given their entitlements.)

Former owners may keep, lease, or sell their entitlements, but the Government has initial purchase rights during the first 6 years.

- Guaranteed State aid for small and medium farms, including those in the north, which were ignored in the 1975 law. Such farmers would be encouraged to form cooperatives or to lease adjoining or complementary farming units, while further fragmentation of land would be discouraged. Small farmers leaving agriculture would be aided by retirement pensions or lifetime rentals on land turned over to other units.

McDonald said that Portugal is really two countries as far as agriculture is concerned—a division that has become even more pronounced since the beginning of land expropriation and redistribution in 1975.

"North of the Tagus River, which is about midway in the country, are very small farms, mostly producing grapes but also some dairy cows, swine, and corn," McDonald explained. "Average farms, at 1-2 hectares, are very small, and the farmers are quite insistently anti-Communist as well as anti-collective-farming."

Portugal's southernmost and tourist-oriented Province, the Algarve, also has many smallholders, producing the fruit and almonds for which that region is noted.

In between are the Upper and Lower Alentejo Provinces and Ribatejo, where huge tracts of land traditionally have been held by relatively few landowners. It is in this region that Portugal's land reform efforts have been concentrated so far.

Landlords there—often absentee owners—had "thousands of hectares apiece on which they grew wheat and other winter grains—oats, rye, barley, but mainly wheat—" said McDonald.

After the overthrow of the Portuguese dictatorship in 1974—and then passage of the first land reform law in 1975—workers began moving onto these big estates and organizing them into the UCP's that soon were to dominate agriculture in the zone of intervention. (Many of the farm occupations, encouraged by Communist-oriented rural workers unions, took place before they were legally authorized; the Government is gradually correcting such abuses.)

The UCP's, together with farmers' cooperatives, today number around 500 and encompass some 1 million hectares of land.

"Portugal's Sixth Provisional Government was anxious that its new agrarian system should make a good showing in the 1975/76 season," said McDonald. "It made emergency farm credits available to the UCP's and all sorts of inputs as well . . . there was no shortage of seed, fertilizer, machinery, whatever.

"These credits, amounting to millions and millions of dollars, were used not only for inputs but also to pay the workers—the Government about doubled the guaranteed wage of the farmworker. And even today, the UCP's are paying their workers from emergency

farm credits." The first elected Government in half a century, which took office in mid-1976, seems determined to halt this financial drain and to put Portuguese agriculture back on a sound footing. For instance, the Government wants to move many of the farms in the direction of cooperatives, on which members would work as on UCP's but would be paid out of farm profits, rather than on a wage basis, as is now done.

A major purpose of the emergency credits was to stimulate Portuguese farm output during the difficult transition from private to State-owned farmland in the zone of intervention. But achieving even that goal was handicapped by other changes that accompanied land expropriation.

"Some of the workers had never been farmers or even farmhands," said McDonald. "And management of the UCP's was turned over to elected committees and managers who often knew little about farming including how to make decisions about when to plant, how much seed to use, how much fertilizer, etc."

Despite these conditions, Portugal produced a respectable grain crop during the first production year after land expropriation began—September-August 1975/76. Production of wheat in 1976 totaled about 670,000 metric tons, compared with around 600,000 the previous year, as the Government gave special emphasis to this important foodgrain and traditionally big import item. Output of oats, rye, and barley about matched previous average crops.

"But then in the succeeding crop year Portugal received the first heavy rains it's had for 5 years," McDonald said. "During much of the season, rain impeded sowings and retarded growth, while the political situation got in the way of planting . . . many workers spent a lot of time in political activities, took time off from planting, and worked only 8 hours a day, so if it rained during the 8-hour period and then stopped there was no one to do the planting."

McDonald added that, "oftentimes, farmhands didn't work on weekends either, and on many UCP's the ground had not been prepared for planting."

Consequently, the 1977 wheat crop plunged to an estimated 186,000 tons.

Some of the other crops fared quite well. Corn, planted this spring and thus benefiting from improved soil moisture, rose 33 percent from the unusually low 1976 level to around 480,000 tons, while rice output climbed 57 percent to 140,000 tons, paddy basis.

But plantings and output of barley, oats, and rye were adversely affected by the same conditions that set back wheat, and the country's combined grain output (excluding rice) in 1977 is estimated at only 813,000 tons for a 43 percent decline from that of 1976.

As a result, Portugal is expected to import record quantities of wheat and feedgrains during 1977/78 (July-June).

According to McDonald, Portugal normally imports about 400,000 tons of wheat a year, plus more than 1.2 million tons of corn and large quantities of sorghum, soybeans, and soybean meal. "This year," said McDonald, "the estimate is that they're going to have to import 750,000 tons of wheat because of the bad crop."

He added that rapidly increasing needs of the country's livestock feed industry are expected to boost imports of corn to a record 1.7 million tons during July-June

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U.S. Farm Product Sales to Portugal At Record High

By James Lopes

U.S. farm product sales to Portugal are reaching record levels, fueled by Portugal's increased need for grains, oilseeds, and cotton. To keep its economic head above water, Portugal has been trying to curb imports, but imported agricultural commodities are necessary to prevent food shortages, particularly in light of the country's low 1977 agricultural output.

Despite Portuguese Government efforts to curb imports, prospects are for record sales of U.S. farm products to Portugal in 1977/78 (October-September). Portugal's foreign purchases of both grains and oilseeds are expected to rise in 1977/78, with the United States expected to provide the bulk of imports. It is also likely that Portugal may become a regular, growing customer for U.S. cotton.

In 1976/77 (October-September), U.S. agricultural exports to Portugal totaled $374 million—40 percent higher than those of a year earlier. Of that amount, U.S. grain sales (including rice) were valued at $280 million (2.7 million metric tons, 75 percent more than the volume shipped in 1975/76). Sales of U.S. cotton to Portugal nearly quadrupled from year-earlier levels to $22 million. However, U.S. oilseed exports to Portugal were down some 10 percent in value to $48 million, compared with those of a year earlier.

Portugal's imports of farm products are not likely to decrease significantly from the past 3-year average of $1 billion, as price decreases for some products will be

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offset by larger volume imports. Most of the products are needed to prevent food shortages, particularly in view of the country's extremely low 1977 agricultural production and Government attempts to stimulate livestock production.

Unfavorable weather in 1977 affected most crops, particularly grains, oilseeds, pulses, wine, and fruits and vegetables. Grain output in 1977, at 813,000 tons, is expected to be 43 percent less than the 1976 outturn of 1.416 million tons, and the lowest level in 50 years. Except for a few products such as potatoes and olive oil, production of most other crops is expected to be much lower than in 1976.

Portugal's imports of grains, including rice, for 1977/78 (July-June) are estimated at slightly more than 3 million tons—up 20 percent from the record high of 2.5 million tons during the previous year. Wheat imports are estimated at a record high of 750,000 tons.

The primary reason behind these record imports is the catastrophic 1977 wheat crop of only 186,000 tons—more than two-thirds below normal. Unfavorable weather and disruptions caused by changes in land tenure severely cut area and yields.

Coarse grain imports, primarily of corn and sorghum, are expected to rise slightly in 1977/78 over those of the previous year to 2.2 million tons. The anticipated upturn in Portugal's rice supplies this season is the result of available water for irrigation, together with large carryover stocks. As a result, there are indications of an appreciable decline in rice purchases during calendar 1977—about 61,000 tons (milled basis), compared with 95,000 tons in 1976.

Although Portugal is hoping for better grain production in 1978, the country still anticipates grain import requirements in excess of 2 million tons in 1978/79 (July-June).

The United States is Portugal's traditional grain supplier, providing 92 percent of Portugal's 2.5-million-ton grain imports in 1976/77 and expected to provide the bulk of imports in 1977/78. Of the 407,000 tons of wheat Portugal imported in 1976/77, the United States supplied some 362,000 tons. Indications are that wheat purchases from the United States could exceed 500,000 tons in 1977/78 (July-June).

In 1977/78, the United States is expected to supply 85 percent of Portugal's 1.7-million-ton corn requirements and the bulk of the 550,000-ton sorghum import needs. About 50,000 tons of rice—or 82 percent of total imports in 1977—are expected to come from the United States.

U.S. farm exports to Portugal are being facilitated by Public Law 480, Title I and Commodity Credit Corporation (CCC) credit (General Sales Manager-5). Some of the grain sales will be made under P.L. 480 programs for which $58.3 million was allocated in fiscal 1977 (October-September). This amount is distributed among various commodities: Wheat $14.6 million (135,000 tons); corn and grain sorghum, $25.5 million (250,000 tons); and rice, $18.2 million (70,000 tons).

In addition, in fiscal 1977 Portugal was authorized $125.6 million (including $8.1 million carryover from 1976) in credit to finance purchases of wheat, corn, and grain sorghum under CCC credit. The CCC credit sales established for grain and the approximate tonnage in fiscal 1977 include: Wheat, $24.2 million (250,131 tons) and corn and sorghum, $84.7 million (859,786 tons).

Portuguese purchases of U.S. grains are expected to remain high. On October 13, 1977, Portugal was authorized $41 million for CCC credit purchases of U.S. grains in fiscal 1977/78 (October-September). Credit sales of grains include: Wheat, $15 million (136,000 tons); feedgrains, $13 million (144,000 tons); and rice, $13 million (42,000 tons).

Portugal's oilseed imports will have to rise to meet the anticipated increase in domestic demand for edible vegetable oils and meal. Domestic production of oilseeds (other than olives) is confined to sunflower and safflower; total production in 1977 was less than 20,000 tons.

The 1977 olive oil outturn is forecast at 42,000 tons, up 20 percent over last year's reduced level, but 9 percent below the preceding 3-year average. Extremely low stocks of olive oil and rising prices suggest sizable import needs of oilseeds or edible oils in 1977/78. Soybean oil remains the least expensive of all edible vegetable oils, pointing to a quicker relative gain in soybean oil consumption in the near future.

Official sources estimate Portugal's soybean import needs at 160,000 tons in fiscal 1978 (October-September), compared with a preliminary total of 155,500 tons in fiscal 1977.

In addition, some soybean meal imports will be needed—possibly as much as 120,000 tons in fiscal 1977/78, compared with an estimated 135,000 tons in fiscal 1976/77.

As Portugal's major supplier of oilseeds (primarily soybeans and sunflowerseed) and a significant supplier of oilseed meal, the United States is expected to increase its shipments of these

"Brazil, the main U.S. competitor in the Portuguese soybean and soybean meal market, is expected to capture a large share of the Portuguese soybean meal trade. However, the United States is expected to dominate Brazil in the Portuguese soybean and grain trade."

items in 1977/78. Census Bureau figures indicate 1976/77 U.S. oilseed exports to Portugal totaled 155,400 tons.

Brazil, the main U.S. competitor in the Portuguese soybean and soybean meal market, is expected to capture a large share of the Portuguese soybean meal trade. Although U.S. soybean meal represented 76 percent of Portugal's total soybean meal imports in 1974, the U.S. share slipped to 25 percent and 2 percent in 1975 and 1976, respectively. In 1976/77, U.S. exports of soybean meal totaled 12,000 tons, valued at $1.6 million. However, the United States is expected to dominate Brazil in the Portuguese soybean trade, particularly in view of Brazil's policy of shipping products rather than soybeans.

The United States is expected to supply a large share of Portugal's sunflowerseed imports—estimated at only 12,000 tons in 1977/78, substantially below that of a year earlier. In 1976/77, U.S. exports of sunflowerseed to Portugal totaled 68,084 tons, valued at $21 million. Exports of U.S. peanuts during the same year amounted to 7,368 tons.

Prospects for increased sales of U.S. cotton to Portugal in 1977/78 are promising, particularly as stocks are down and imports are starting to pick up. The United States is expected to fill the gap left by a substantial reduction in cotton imports from Angola and Mozambique — traditional suppliers of two-thirds of Portugal's cotton imports.

A request by the Portuguese Government for a new P.L. 480, Title I, agreement during marketing year 1977/78 (August-July) for U.S. cotton (7,000 tons), along with CCC credit of $12 million (8,494 tons)—authorized October 13, 1977—should again boost U.S. sales to the country. Present indications are that imports of U.S. cotton in the 1977/78 marketing year will likely exceed the record volume of 16,000 tons imported in 1974/75.

Cotton imports (94,000 tons in marketing year 1976/77) are necessary for industry requirements. Textiles are second only to wine as the leading Portuguese export. Mill activity has been picking up and import needs in 1977/78 are estimated at 118,000 tons.

The Portuguese Government's livestock expansion program probably will boost demand for feeds. Early in 1977, the Government initiated a program to revamp its ailing livestock industry, thereby reducing the country's dependence on imported meat and dairy products.

The program is aimed at expanding feeding systems for both cattle and hogs, allocating about $32 million in credit to cattle farmers, primarily for feed and cattle acquisition, with an additional $19 million authorized for hog raisers. The Government also began to subsidize dairy production.

In May 1977, the Bank of Portugal announced the availability of credit at low interest rates for construction of facilities, purchase of imported livestock, improvement of pastures, and increased forage production.

In July 1977, the Portuguese Government added $53 million to its loan fund for cattle farmers to allow increased purchases of cattle and improvement of grazing conditions. The initial results of the policy of pasture improvement will not be known until 1978.

Animal feed imports should have priority over imported livestock food products, which totaled some $83 million in 1976. During January-June 1977, Portugal's imports of livestock food products, including live animals for slaughter, amounted to $41 million—including $29 million in meat and $9 million in dairy products.

Roughly $3.1 million in CCC credit has been authorized since June 20, 1977, for the purchase of dairy breeding cattle and hogs, needed to rebuild herds with high-grade foundation stock.

Portugal is also a growing market for U.S. inedible tallow—in 1976/77 U.S. sales of inedible tallow to Portugal amounted to $9.2 million, more than double the level of a year earlier. For fiscal 1977, the line of CCC credit established to finance U.S. sales of tallow to Portugal amounted to $3.2 million. An additional $2 million for fiscal 1977/78 in CCC credit was authorized on October 13, 1977, and this should lead to larger sales.

Portugal is a small market for U.S. tobacco. Purchases of U.S. tobacco under P.L. 480, Title I, amounted to 1,100 tons in 1976/77 and could lead to further U.S. leaf exports, provided prices are competitive. During 1976/77, U.S. tobacco exports to Portugal totaled 1,246 tons, valued at over $3.9 million.

An expansion in domestic tobacco output, if it materializes, should not affect the current 8,600-ton import requirement significantly because cigarette consumption is expected to continue to expand.

In an effort to rescue its economy from a serious balance-of-payments problem, Portugal adopted on August 25, 1977, a crawling peg system—a constant devaluation of about 1 percent per month of the escudo. (US $1=40.7 escudos on October 28, 1977.)

At the same time, the Government has been trying to curtail imports through a 30- to 60-percent surtax on many imported consumer goods and through quantitative restrictions in values of certain consumer goods.

Portugal made the decision to devalue and impose stringent import restrictions after deficits in the balance of payments amounted to some $1 billion in both 1975 and 1976. This year, a deficit of $700-$800 million is anticipated. The trade deficit is expected to remain at a high level of about $2 billion for 1977—roughly the same as last year's. Foreign reserves are quite low and foreign debt now approaches some $4 billion.

Portugal has received extensive bilateral and multilateral financial assistance; led by the United States, 11 countries are lending Portugal $750 million to help cover the balance-of-payments deficit in 1977.

The devaluation and other import restrictions will probably add an inflationary impact to some agricultural prices, with any favorable results in the balance of trade confined primarily to nonagricultural commodities. The import surtaxes do not apply to imports of raw materials or intermediate goods needed for the country's economic activity.

The Government is the sole importer of basic agricultural products such as grains and oilseeds, and is, therefore, exempt from import duties and other restrictions, and pressures by consumers against high food prices may force the Government to attenuate its restrictive measures somewhat.

Lower prices as a result of devaluation are not likely to result in any strong increase in export demand, since major agricultural commodities exported by Portugal such as tomato paste and wine are already competitive on world markets. □

Mexico's Cotton Output, Exports To Be Up

On the heels of an 11 percent gain in Mexican cotton production in 1976/77, output in 1977/78 is expected to jump some 50 percent to 1.54 million bales (480 lb net) from an estimated area of 385,000 hectares. Assuming domestic consumption exhibits only a slight gain from year-earlier levels, exports could also rise this year.

Two factors responsible for the gain in Mexico's cotton area in 1977/78 are the rise in world cotton prices throughout 1976 and early 1977, and a shortage of sufficient irrigation water for double cropping in two important northwest States of Sinaloa and Sonora.

The Government encouraged cotton production by enlarging the amount of credit available to producers through the agricultural rural credit bank for farmers.

Cotton production for 1976/77 has been placed at 1.005 million bales, from approximately 253,000 hectares. The comparatively high yield of 4.0 bales per hectare was a result of favorable weather conditions and improved varieties of seed.

However, the uncertainty over land tenure rights and the relatively high guaranteed price of basic food crops such as wheat, sorghum, safflower, and soybeans led to reduced cotton area in the important northwest States of Sinaloa and Sonora. The increase in 1976/77 harvested area came from the States of Apatzingan, La Laguna, Matamoros, Mexicali, and Tapachula.

Mexican exports of ginned cotton in 1977/78 are projected at 730,000 bales, provided Mexican prices remain competitive in export markets and domestic consumption increases at a low level. Sources say that mills have raised their offers to ginners and holders of cotton, reportedly to fulfill textile export commitments. According to one trader, this is the first time since the devaluation of the peso that domestic mill offers have exceeded those for export by more than 5.51 cents per kilogram (2.5 cents per lb).

Cotton exports during the first 2 months of the Mexican cotton year (July 1977-June 1978) are placed at 62,055 bales. Very little of this cotton is from the 1977/78 crop. The main customer for Mexican cotton so far this year has been Japan, taking some 45,480 bales of the total.

Ginned cotton exports during 1976/77 are estimated at 480,000 bales, a decrease of 10 percent from 1975/76 levels. The tight world supply, along with the peso devaluation, helped to raise exports to this level from earlier estimates of only about 300,000 bales. In addition, a slowdown in domestic disappearance made more cotton available for export. As usual, Japan was the largest export market for Mexican cotton, followed by the People's Republic of China and Italy.

Domestic cotton consumption for 1977/78 is expected to reach 750,000 bales, compared with 700,000 bales in 1976/77, which was 12 percent below consumption a year earlier.

Following the peso devaluation in August 1976, textile mills found themselves caught between a strong export demand with consequently higher domestic prices and demands from unionized textile mill workers for higher wages. The end result was a shutdown of many mills until after January 1, 1977, and a work force level much below normal for some mills during the first half of 1977. Reportedly, most mills have returned to normal production, but the credit squeeze has left many heavily in debt.

The tax on cotton consumption was changed recently from 10 pesos per 46 kilograms ($0.004 per lb) to a 2-percent ad valorem tax on the value of the total amount of cotton fiber consumed by mills. The tax is considerably higher than before, but to what degree it will affect domestic consumption is not yet known.

Synthetic fibers continue to encroach on the textile fiber market although natural fibers currently have a price advantage. While synthetics can still command a higher price than natural fibers, natural fibers are increasing in popularity with consumers.

During 1976/77, the price of cotton fiber ranged from a low of 800 pesos per 46 kilograms (34 cents per lb) to 1,900 pesos per 46 kilograms (80 cents per lb) around mid-December 1976. Since January 1, 1977, prices have been generally within the range of 1,200 to 1,400 pesos per 46 kilograms (52-61 cents per lb), depending on the export market.

The September price of ginned cotton to the mills is about 1,350 pesos per 46 kilograms (57 cents per lb). On the other hand, export quotes are running around 1,270 pesos (54 cents per lb). The reason for the higher price is due to the delay in payments and peso returns. (The above prices are on an SM 1-1/16" basis.) As a result of the recent decline in demand for export cotton, quotes to farmers for SM 1-1/16" have been 1,100 pesos per 46 kilograms (47 cents per lb) for September-December delivery, with farmers holding their supplies in expectation of an increase in prices. □

Based on a report from Donald M. Nelson, U.S. Agricultural Attaché, Mexico City.

FAS Sets 1978 Export Promotion Schedule

The FAS/USDA 1978 exhibit program gets underway in February with a showing of U.S. prepared foods to representatives of the Italian hotel, restaurant, and institutional trade. This will be followed by events in 27 other countries in Europe, Asia, Latin America, the Middle East, and Africa.

Six events will be held in Latin America and the Caribbean, seven in Asia, five in the Mideast and North Africa, one elsewhere in Africa, and 23 in Europe. More than one event are scheduled for Italy, Japan, France, the United Kingdom, and West Germany.

Exhibit activities range from hotel, restaurant, and institutional shows in Rimini (Italy), Plymouth, Stratford-on-Avon, and Portsmouth (United Kingdom), and Manila (Philippines), to U.S.

FAS/USDA EXPORT

Country and city	Date	Activity
ITALY Rimini	**FEBRUARY** 14-21	HRI [1] exhibit, principally for agents of U.S. firms, but U.S. new-to-market firms are encouraged to participate.
JAPAN Osaka	28-Mar. 4	Solo U.S. exhibit of food products. U.S. trade participation requiring representation.
NETHERLANDS Utrecht	To be announced.	FAS-sponsored catalog exhibit at ROKA exhibit. U.S. trade participation not requiring representation.
FRANCE Paris	**MARCH** 5-12	Livestock/feedstuffs show.
JAPAN Tokyo	7-10	Solo U.S. exhibit of interested firms participating in Osaka exhibit.
INDONESIA Jakarta	15-17	Sales team of representatives of 6-8 firms participating in Osaka exhibit.
FIJI/NEW CALEDONIA Suva-Noumea	20-31	As above.
UNITED KINGDOM Plymouth/Stratford-on-Avon/Portsmouth	To be announced.	Solo U.S. HRI [1] exhibit, principally for agents of U.S. firms, but U.S. new-to-market firms are encouraged to participate.
ITALY Milan	**APRIL** 14-23	Food products. Principally for agents of U.S. firms, but U.S. firms are encouraged to participate.
Reggio-Emilia	28-May 1	Swine exhibit.
COLOMBIA Bogota	To be announced.	Attaché display of food products. U.S. trade participation not requiring representation.
EGYPT Cairo	" " "	Sales team of 6-8 U.S. firms.
GUATEMALA Guatemala City	" " "	Attaché display of food products. U.S. trade participation not requiring representation.
HONDURAS Tegucigalpa	" " "	As above.
LIBYA Tripoli	" " "	Sales team of 6-8 U.S. firms.
SAUDI ARABIA Jidda	" " "	As above.
SWITZERLAND Zurich	**MAY** 2-4	Solo U.S. exhibit, primarily of natural and dietetic foods. U.S. trade participation requiring representation.
UNITED KINGDOM Blackpool	3-5	Exhibit of frozen foods at British Frozen Food Federation exhibit. Principally for agents of U.S. firms, but U.S. new-to-market firms are encouraged to participate.
SWEDEN Stockholm	9-11	Solo U.S. exhibit, primarily of natural and dietetic foods. U.S. trade participation requiring representation.
UNITED KINGDOM London	To be announced.	Solo U.S. exhibit of food products limited to new-to-market firms.

Agrciultural Attaché-sponsored exhibits of food preparations in five cities in Latin America and Eastern Europe. Also included are sales team visits to 10 cities and solo U.S. exhibits in 13 other cities.

A livestock-feedstuffs exhibit is scheduled for March 5-12 in Paris; a swine exhibit April 28-May 1 in Reggio-Emilia (Italy), a dairy livestock exhibit on a yet-to-be determined date in September in Cremona (also in Italy), and a frozen food show, May 3-5, at Blackpool (United Kingdom). A red meat and poultry meat show is scheduled for Tokyo, September 12-14. In addition, exhibits of natural and dietetic U.S. foods are set for Zurich (Switzerland), May 2-4, and Stockholm (Sweden), May 9-11.

Participation in FAS exhibits is a proven method by which U.S. exporters can boost their foreign food sales at minimal expense. It is often too expensive and time consuming for a private firm to rent space in an established international event, make all the arrangements to have a booth designed and built, process the documents for customs and inland handling, hire an exhibit staff, and coordinate all other details by opening day.

FAS, on the other hand, has experience in these matters and can relieve the participating firm of most of these details.

U.S. firms interested in participating in any of these 1978 exhibits should contact the Director, Export Trade Services Division, Foreign Agricultural Service, USDA, Washington, D.C., 20250. □

ROMOTIONS—1978

Country and city	Date	Activity
FRANCE	**JUNE**	
Paris	To be announced.	Solo U.S. exhibit of food products. U.S. trade participation requiring representation.
FED. REP. OF GERMANY		
Dusseldorf	" " "	As above.
NORWAY		
Oslo	19-20	Sales team of representatives of 6-8 U.S. firms participating in Paris and Dusseldorf exhibits.
VENEZUELA	**JULY**	
Caracas	25-27	Solo U.S. exhibit of food products. U.S. trade participation requiring representation.
NETHERLANDS ANTILLES		
Curaçao	To be announced.	Sales team of representatives of 6-8 U.S. firms participating in Caracas exhibit.
TRINIDAD		
Port-of-Spain	" " "	As above.
JAPAN	**SEPTEMBER**	
Tokyo	12-14	Solo U.S. exhibit of red meat and poultry products. U.S. trade participation requiring representation.
FED. REP. OF GERMANY		
Munich	15-20	FAS-sponsored catalog exhibit at IKOFA. U.S. trade participation not requiring representation.
PHILIPPINES		
Manila	18-20	Solo U.S. exhibit of HRI [1] products. U.S. trade participation requiring representation.
SINGAPORE		
Singapore	25-27	As above.
GERMAN DEM. REP.		
East Berlin	To be announced.	Attaché display of food products. U.S. trade participation not requiring representation.
ITALY		
Cremona	" " "	Dairy livestock show.
POLAND		
Warsaw	" " "	Attaché display of food products. U.S. trade participation not requiring representation.
UNITED KINGDOM		
Leeds/Norwich/ Edinburgh	" " "	Solo U.S. exhibit of food products, principally for agents of U.S. firms, but U.S. new-to-market firms encouraged to participate.
NIGERIA	**OCTOBER**	
Lagos	3-5	Solo U.S. exhibit of food products. U.S. trade participation requiring representation.
CANARY ISLANDS		
Las Palmas	9-10	Sales team of representatives of 6-8 firms participating in Lagos exhibit.
KUWAIT		
Kuwait City	23-25	Solo U.S. exhibit of food products. U.S. trade participation requiring representation.
IRAN		
Tehran	30-Nov. 1	Sales team of representatives of 6-8 firms participating in Kuwait exhibit.

[1] Hotel, restaurant, institution.

Italian Livestock Industry Buoyed By Consumer Demand

Members of the Italian livestock industry ended 1976 in a relatively contented mood, buoyed by increases in production and consumption of both beef and pork. Satisfaction may be short lived, however, as inflation erodes purchasing power. The strong consumer demand in 1976 made the Government less than happy as the upsurge resulted in higher imports of meat and animals, major items in Italy's large trade deficit.

With less favorable economic growth and unabated erosion of income by inflation in view this year, however, the industry's satisfaction may disappear as consumers have cut back on meat consumption, which, in turn, has caused a sharp drop in prices for slaughter cattle and hogs. In consequence, expansion of meat production should be minimal in 1977.

With this stagnation will come shortages of hides and skins, tallow, and offals, which will mean larger imports. Requirements for hides and skins for better quality leather products will provide opportunities for U.S. exporters.

Last year's Italian red meat output rose by 5.7 percent to 1.9 million tons (carcass-weight equivalent)—including a 5.4 percent increase for beef and 6.3 percent for pork. In 1977, meat production is expected to expand by only 1.7 percent. Pork output will grow by 5.0 percent; beef production will remain about the same.

Italy's cattle herd grew in 1976 and the official census put the total at 8.8 million head on December 1, 1976, 3.3 percent over the figure for the same date in 1975. Significant was a slight increase in cow numbers after nearly a decade of almost uninterrupted decline.

The number of cattle slaughtered increased by about 2.5 percent, from 4.51 million head to 4.63 million, while beef and veal output expanded to 1.01 million. The long-term trend to heavier slaughter weights continued in 1976, the average being about 220 kilograms, 3 percent over 1975's and 20 percent over that of 10 years ago.

In 1977, the cattle herd is expected to expand only slightly. Domestic production has not been encouraged by recent price softness for slaughter animals.

Slaughtering, which is expected to continue at last year's pace, should further check any increase in cattle numbers.

Cattle imports totaled 2.36 million head in 1976, just slightly above the amount for 1975, at a cost of nearly $800 million, a value 14 percent greater than the previous year's. Nearly 85 percent of these cattle came from other countries of the European Community, which makes Italy by far the major market for the EC beef trade.

There are signs, however, that this trade will diminish in 1977. The recent green lira devaluation has raised import prices by about 7 percent. As a result, 1977 imports are estimated at 1.9 million head, down 19 percent from 1976's.

Under special arrangements granted by the European Community, Italy will be allowed to import (from third countries) slightly over 180,000 head of young cattle for fattening (300 kg or less) in 1977 at reduced levies. These imports will come mostly from Eastern Europe.

Dropping 6 percent in 1976 because of the combination of higher prices and Government anti-import programs, Italy's beef imports also are expected to continue to decline in 1977, at least in volume, largely as the result of Government programs to aid the domestic industry.

The swine inventory exceeded 9 million head on December 1, 1976, up 2.4 percent from a year earlier. Sow numbers were up 1 percent, and the 1976 pig crop was up 2 percent. Last year's inventory performance is unlikely to be equaled this year, however, because dropping hog prices may keep domestic herds near 1976 levels.

Slaughter and pork production could reach record levels, however, the result of attempts by swine producers to trim herds. About 8.7 million hogs may be slaughtered in 1977, producing about 820,000 tons of pork.

Swine imports jumped 20 percent in 1976 to just under 700,000 head, while pork imports rose by 5.5 percent. The break in prices that occurred in spring 1977 failed to slow the year's imports of live hogs. However, imports of pork have declined slightly, despite the demand for a lean product.

In 1976, U.S. exports of breeding swine to Italy were 1,373 head, up from just 12 the year before. In 1974, the total was 331 head.

Sheep numbers increased sharply in 1976 to 8.45 million head in December, up 3.6 percent over the previous year's. Good prices for both lambs and sheep milk should help to sustain this momentum in 1977.

Italian imports of sheep in 1976 were down 30 percent from the 1975 total to about 1 million head. Reflecting the growth in Italy's domestic sheep flocks, the drop in live animal imports—which may continue through 1977—should cut the 1977 total to about 700,000 head. Imports of sheep meat will also drop because of increased domestic supplies.

Goat inventories also expanded slightly in 1976, but the number remained close to the 1-million mark of the past several years. It is likely the goat population will be maintained at this level so long as the demand for pecorino cheese (a sharp, hard goat cheese) remains strong.

Remaining stable at 250,000 head for several years, Italy's horse population has been unable to supply the demand for horsemeat and imports of slaughter horses have risen gradually in recent years. Slaughter and production of horsemeat have crept upward because of relatively higher beef prices, relaxed import restrictions on horses, and a growing pet food industry.

Italy's imports of horses (mostly from Eastern Eu-

Based on dispatch from Lloyd J. Fleck, Assistant U.S. Agricultural Attaché, Rome.

rope) totaled 210,000 head in 1976, slightly lower than those of the year before. Almost equal to the country's horse population, these imports were primarily animals for slaughter. Horsemeat imports jumped by over 15 percent during 1976 to 8,800 tons. Imports of horses should slow somewhat in 1977, while horsemeat imports could increase to meet the growing demand for pet food.

A recent change in Italy's demand pattern for bovine hide and skin imports has benefited U.S. exporters of high-quality hides. Rising by 25 percent in 1976 and expected to climb even more in 1977, Italy's hide and skin imports now mostly go to industries that manufacture high-quality boots and shoes, clothing and accessories, instead of for the low-quality shoes they once made.

With the move of the low-cost shoe industry to countries with lower labor costs, Italy now buys its less desirable hides from Africa, India, and Latin America, and better grades from the United States.

The value of imports of hides and skins from the United States quadrupled in 1976 from that of a year earlier to $27.4 million. Imports of lower quality hides from Africa, Asia, and Latin America, which 5 years ago made up 35 percent of Italy's total hide and skin imports, now comprise just 20 percent.

Italian production and consumption of tallow has been declining over the past few years owing to high meat prices, which cut down on availability of trimmings, and to price competition from vegetable fats. Lower domestic production in 1977—an estimated 24,000 tons, compared with 1976's 25,800 tons—could increase imports slightly. Of higher quality than the domestic product, imported tallow is normally used to improve that produced in Italy. U.S. exports of tallow to Italy in 1976 totaled $8.9 million—24,400 tons.

Virtually no hard data are available on lard production and consumption, but it can be assumed from per capita-use estimates made several years ago that annual consumption is stable at about 10,000 tons and 1976 production about 27,800 tons.

Benefiting from high beef prices, and increased livestock slaughter, both domestic production and imports of variety meats were higher in 1976 than in 1975. Production in 1976 was estimated at 167,300 tons, imports at about 12,000 tons. Since domestic slaughter is not expected to increase as sharply in 1977 as in 1976, imports should continue to climb to meet the growing domestic demand. □

$439 Million in U.S. Export Credits Approved

Export of about $439 million worth of U.S. agricultural commodities under the CCC Export Credit Sales Program was approved by USDA's Office of the General Sales Manager (OGSM) during September 14-November 11. At the same time, OGSM also approved extensions of delivery times, new deadlines for utilization, and reinstatement of several credits approved earlier.

A $55-million credit line, effective October 13, to Portugal was approved to finance U.S. exports sales of: Wheat (136,000 tons valued at $15 million); feedgrains, (144,000 tons worth $13 million); rice (42,000 tons valued at $13 million); cotton (39,000 bales worth $12 million); and tallow (5,000 tons worth $2 million).

A new $12.7 million line of credit to Bolivia, was approved November 9 to finance export sales of U.S. wheat, equaling about 110,400 tons.

The new credits include a $150 million line for Poland (32,000 bales of cotton valued at $10 million; about 680 metric tons of tobacco worth $3 million, about 6,667 tons of edible soy protein worth about $2 million, about 1.25 million tons of corn, sorghum, barley, and oats valued at $105 million, and $30 million worth of wheat).

Written requests will be considered for extension of delivery dates through December 31, 1977, for feedgrain and wheat under previously approved credits.

A $6.5 million credit to Australia was approved to finance export sales of about 1,340 tons of U.S. tobacco.

A $5 million line of credit was approved September 19 for Ireland to finance export sales of about 1,134 tons of U.S. tobacco. Later, on October 13, the current line of credit was increased $500,000.

A $6.5 million line of credit for New Zealand is to finance export sale of about 1,340 tons of U.S. tobacco.

A $12 million line of credit for the United Kingdom is to finance export of about 2,722 tons of U.S. tobacco.

A $40,000 line of credit for New Guinea is to finance sale of about 9 tons of U.S. tobacco.

A $125 million line of credit for South Korea was approved to finance sale of about 320,000 bales of U.S. cotton valued at $100 million and about 230,000 tons of wheat valued at $25 million. USDA announced October 25, that contracts dated before October 3 will be honored by CCC under the $100 million line credit to finance exports sales of U.S. cotton. This action was taken because Korean mills already have purchased most of their needs for this fiscal year.

Written requests will be considered for extension of the delivery dates through December 31, 1977, of deliveries of U.S. barley to South Korea. The $27.5 million credit was approved earlier.

A $15 million line of credit, covering export of 48,000 bales of U.S. cotton, was approved for Thailand. A separate $7 million credit was approved for Thailand to finance export (to be complete by Aug. 31, 1978) of 1,588 tons of tobacco.

A $4 million line of credit to finance export of about 11,000 tons of U.S. rice was approved for South Africa. Credit terms provide for 1-year financing, and exports must be complete by August 31, 1978.

A $40 million line of credit to the Philippines covers export of 16,000 bales of U.S. cotton valued at $5 million, 1,080 tons of tobacco valued at $5 million, 62,000 tons of feedgrains worth $5 million, and 246,000 tons of wheat valued at $25 million. Credit terms for cotton and tobacco provide for 1-year financing; terms for feedgrains and wheat provide for 3-year financing. All exports must be complete by August 31, 1978. □

Vietnam's 1977 Grain Imports May Exceed 1 Million Tons

Because of a continuing grain deficit that could reach 1.5 million metric tons this year, the Socialist Republic of Vietnam (SRV) has increased its efforts in recent months to obtain foodgrains through international assistance and commercial purchases. Although a full accounting of all purchases and food aid is difficult, a list of completed and pending shipments indicates that almost 1 million tons of grains, including flour, already have been scheduled for Vietnam in calendar 1977.

Unless there is a substantial improvement in the country's late rice crop—considered unlikely because of the persistent drought—the Vietnamese probably will continue to import relatively large amounts of grain in the months ahead. This, in turn, will further aggravate the country's critical foreign-exchange shortage.

With crops hampered by adverse weather and management-related problems, Vietnam grain imports in 1977/78 (July-June) could come close to the total 1974 imports of both the original countries of North and South Vietnam when a large volume of imports was needed following 1973's near-disaster crops in North Vietnam. During that same period, imports of U.S. rice by South Vietnam were at near-record levels.

Wheat purchases, most of which will be shipped to Vietnam this year, include more than 200,000 tons from the USSR; 120,000 from Canada; 50,000 from Sweden; 17,680 from the Netherlands and the European Community; a 100,000-ton loan from India; and about 200,000 tons from other sources. France, Turkey, and Argentina are supplying more than 150,000 tons of flour (over 200,000 tons wheat equivalent) while Thailand has sold to Vietnam 50,000 tons of corn and 30,000 tons of rice (brokens).

Projections of the country's grain deficit and likelihood of increasing imports are supported by a number of factors.

First, it is now apparent that the officially implied rice-production estimate of 12 million tons last year was too generous. Secondly, the country's early rice crop and subsidiary crops—which were plagued by cold weather in the northern Provinces and dry conditions in the southern Provinces—were considerably below expected production levels. Vietnamese officials have admitted that the early rice crop, along with other winter-spring food crops, was poor. This indicates that the outturn was smaller than last year's.

Thirdly, the outlook for the late rice crop—which accounts for more than half of the country's total output—calls for a crop no larger, or perhaps even smaller, than last year's. Fourth, a large proportion of the current crop was transplanted late, particularly in the southern Provinces. Therefore, the crop is more vulnerable to insect infestation and disease—and both reportedly are already taking their toll.

After the cessation of hostilities in April 1975, large amounts of aid, grants, gifts, and interest-free loans were made to Vietnam by other socialist nations and many market-economy countries. Today, this help has essentially disappeared and Vietnam has a large foreign trade deficit relative to national income. Moreover, agriculture, which was expected to supply exports to improve the trade situation, appears now to be relying on other sectors of the economy—rather than supporting them as envisioned under a long-range plan inaugurated in 1976.

Besides the drain on foreign exchange, continued large grain imports may require adjustments of the country's import goals, which were weighted heavily toward industrial and construction items needed to stimulate the development of an industrial base during the current 5-year plan (1976-80). □

By Marion R. Larsen, agricultural economist, Foreign Demand and Competition Division, ERS.

U.S. Leathers Draw Foreign Buyers

U.S. leather and leather products displayed at the Paris Semaine du Cuir (Leather Week) exposition in September attracted many foreign buyers. About 40 U.S. tanners and leather finishers were represented at the Tanners Council of America booth, where (left to right, above) Gene Kilik, Tanners Council president; Stephen Kaplan, Prime Tanning Co., Berwick, Maine; U.S. Ambassador Arthur Hartman; and Wayne W. Sharp, U.S. Agricultural Attaché in Paris, examined a display of U.S. leather and leather products. In addition to firms represented at the Tanners Council booth, 15 other U.S. tanners had stands at the exposition. U.S. leather and leather products exports during the first 8 months of this year were valued at about $150 million, compared with $140 million during the comparable 1976 period.

French Protest Low-Priced Feedgrain Substitutes

France has asked the European Community (EC) Commission to take protective measures against imports of low-priced feedgrain substitutes such as manioc (tapioca), wheat milling byproducts, corn gluten meal, beet pulp, citrus pulp, and brewing byproducts.

EC feed compounders are using larger amounts of these substitutes—many of them containing significant quotients of energy—because of their relatively favorable prices.

France is especially disturbed by manioc imports into the EC, which it believes are unfairly cutting into established European markets for French corn and other feedgrains.

Protected by price supports and import levies, feedgrains sell at relatively high prices within the EC. The feedgrain substitutes sell at relatively low world prices and qualify for favorable EC import treatment.

Manioc is subject to a duty of 6 percent. Corn gluten meal, beet pulp, citrus pulp, and brewing byprodbarley, up sharply from 4.4 million tons in 1974 and 5.2 million tons in 1975.

In terms of feed unit values, manioc comprised 45 percent of these imports in 1976, wheat milling byprod-76, Dutch manioc imports almost tripled from 426,000 tons to 1.2 million tons, and total EC manioc imports during the same period nearly doubled from 1.54 million ucts enter duty free.

An EC study estimates that EC imports of feedgrain substitutes (excluding oilseeds and oilcakes) in 1976 were equivalent in feed unit value to 7.1 million tons of ucts 26 percent, corn gluten meal 15 percent, and citrus pulp 9 percent.

Principal EC users of these substitutes are the Netherlands, Belgium, and West Germany. During 1972-tons to 2.81 million tons.

In general, the grain substitute import countries have well-developed feed compounding industries, a low level of self-sufficiency in feed ingredients, a concentration of feed mills near ports, and relatively strong currencies.

About two-thirds of the feedgrain substitutes entering the EC come from developing countries. Thailand and Indonesia are the principal suppliers of manioc, Argentina and Canada of wheat brans, and Spain of sugarbeet pulp. The United States is the principal supplier of corn gluten meal and—along with Brazil—of citrus pulp.

Any effort by the EC to establish or increase protective barriers against feedgrain substitutes probably would encounter opposition from EC feed compounders. Alteration of duties on most of these items presumably would require negotiation in the General Agreement on Tariffs and Trade (GATT). While Thailand is not a signatory to the GATT, it is participating in the Multilateral Trade Negotiations (MTN).

Protective measures could be expected to have an adverse effect on U.S. corn gluten sales, which totaled 1 million tons valued at $132 million in 1976. □

By Harold A. McNitt, Foreign Demand and Competition Division, ERS.

Chile's Deciduous Fruit Output Trade on Rise

Unusually good weather and continued area expansion have moved Chilean deciduous fruit production ahead for the second year in a row, boosting exports of this all-important foreign exchange earner by some 14 percent during 1976 and another 17 percent during the first half of 1977.

In addition, the country's canned fruit industry appears to be recovering from its recent economic difficulties, with prospects for a nearly 5-percent production gain during 1977/78.

According to Oficina de Planificación Agrícola (ODEPA), Chilean deciduous fruit production rose 30 percent during 1976/77 to 429,500 metric tons. Another 3.4-percent production gain to 444,000 tons is seen for 1977/78.

Fruit growing conditions have been among the best ever in both years, although late rains last October caused some damage to fruit blossoms. Small outbreaks of scales, aphids, red mites, and venturia also were reported, but they were not widespread enough to set back production.

In addition, farmers have been increasing their orchard and vineyard areas, so that comparative advantages can be achieved over the medium to long term. Attractive foreign markets for table grapes, apples, pears, nectarines, and other fruits have stimulated this expansion effort.

Chile: Major Deciduous Fruit Production, 1976/77 and 1977/78 Est. (In metric tons)

	1976/77	1977/78
Apples	131,300	135,000
Pears	36,000	37,900
Peaches	126,300	130,300
Plums	13,500	13,800
Apricots	15,100	15,600
Cherries	5,400	5,500
Nectarines	36,500	38,400
Table grapes	64,800	67,500
Total	429,500	444,000

Chilean exports of fruits—the country's leading agricultural export—have benefited from the production gains, plus improved prices so far in 1977.

Total fruit exports during 1976 rose 14 percent from the previous year's to 97,557 tons valued at $36.4 million. Apples, pears, plums, and honeydew melons showed modest increases, while exports of table grapes declined by 14 percent. Major destinations included the United States, Canada, Brazil, Saudi Arabia, Italy, and Bolivia.

Largely as a result of better prices this year than last, Chilean exporters increased their fruit exports about 17 percent during the first 6 months of 1977 over total exports in all of 1976. Among the sharp gainers in 1977 were table grapes—up almost 40 percent to 30,026 tons. Apples were the largest single export, totaling 61,349 tons in the first half of

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Based on report from Max Bowser, U.S. Agricultural Attaché, Santiago.

Talks Continue Toward New Wheat Pact

The U.S. delegation has returned from the sixth meeting of the Preparatory Group of the International Wheat Council (IWC), held in London November 2-9. At the last group meeting September 28-October 3, the United States tabled a proposed framework for a new International Wheat Agreement. The objectives of this proposal included greater security of world food supplies, moderation of extreme price fluctuations, the expansion of international trade in wheat, and assured provisions for food aid to developing countries.

At the recent London meeting the Preparatory Group discussed the IWC Secretariat's draft of a possible new agreement. The draft reflected the U.S. proposal as well as elements from past agreements, which have been advocated by a number of other countries.

There was a general consensus among participating countries on objectives in line with those advocated in the U.S. proposal. Yet, some differences remain on how the objectives of stabilization of wheat prices should be achieved. The United States and a number of other countries favored an approach to stabilization based on reserve stock measures and supply and demand adjustments.

However, a few countries argued that an agreement should include more rigid provisions such as fixed maximum/minimum prices within which world trade would occur. Such an approach is regarded by the United States as unworkable.

At its next meeting, November 29 to December 2, the IWC will review the work of the last two Preparatory Group meetings and decide upon future action.

A special Council session may be convened in early January to consider a revised draft and decide whether or not a basis exists for convening a negotiating conference in mid-February. □

Continued from page 4

Portugal Pushes Land Reform

1977/78, for a nearly 7 percent increase over those of 1976/77. And grain sorghum purchases are projected to reach 550,000 tons, or 6.5 percent more than in 1976/77.

Most of these imports will come from the United States, which has made grain available to Portugal under long-term credit provisions of Title I of Public Law 480 and has extended Commodity Credit Corporation (CCC) credit to Portugal for grain purchases. Dollar grain sales there have been substantial also.

In 1976/77 (July-June), Portugal imported 362,000 tons of U.S. wheat (compared with 156,000 the year before) and 1.9 million tons of U.S. coarse grains (1.2 million), about 75 percent of which was corn.

For 1977/78, a gain of more than a third is projected for imports of U.S. wheat, while purchases of coarse grains may decline slightly.

Rice is the only major grain for which Portugal's total import need is down significantly—by an estimated 39 percent from calendar 1976 to around 61,000 tons, milled basis, in 1977. Of that total, 50,000 tons are expected to move from the United States.

McDonald said that if weather is favorable Portugal's grain production could rebound during 1978. He cautioned, however, that political strife appears to have again interfered with wheat planting, since farm workers—fearing cuts in rural employment and wages—are "objecting strenuously to the new agrarian reform law." □

World Flaxseed Crops Exports Up

World production of flaxseed during 1977/78 is expected to approximate 2.9 million metric tons, 520,000 tons above the 1976/77 output. This is the largest output since 1970/71. Increased production in Argentina, Canada, and the United States accounts for the bulk of the gain.

Based on assumed extraction rates, calculated world linseed oil and meal production for 1977/78 are estimated at 680,000 tons and 1,260,000 tons, respectively. Despite smaller carryover stocks in the major producing countries, sizable increases in flaxseed and linseed oil stocks are expected to take place.

World exports of flaxseed/linseed meal (meal basis) during 1978 are forecast at 925,000 tons, compared with 850,000 tons during 1977. Likewise, world exports of flaxseed/linseed oil (oil basis) are expected to increase to 385,000 tons, 38,000 tons above 1977's.

Due to the short U.S. flaxseed crop in 1976, the United States will be a net importer of flaxseed during 1977. In 1978, however, the United States should again be a net exporter.

Continued from page 13

Chile's Fruit Output and Trade

1977, compared with 58,535 in all of 1976.

Chile's canned fruit industry last year was still in the throes of the recession that has curtailed output during the last few years, and 1976/77 production is estimated down 3.7 percent to 10,988 tons. Contributing to the decline were low productivity, management problems, an increase in canned fruit imports, and Chile's withdrawal from the Andean Pact.

However, the 1977/78 season has seen some pick-up in activity, largely as a result of improved purchasing power in the domestic market. As a result, production is forecast to rise 4.7 percent over 1976/77's to 11,500 tons.

Canned peaches accounted for 300,000 tons of 1976/77 output and are expected to total 306,000 tons in 1977/78. □

Hungary's Wheat Crop Larger

Hungary harvested 5.31 million tons of wheat in 1977, up from the previous estimate of 5.2 million tons and the 1976 crop of 5.14 million tons. The rye harvest was 147,000 tons, compared with 156,000 last year, that of barley 706,000, compared with 747,000, and oats, 64,000, down from 86,000 tons in 1976.

The Hungarian corn crop is expected to be 6.3 million tons. □

U.K. Harvests Smaller Apple and Pear Crops

Adverse weather has cut the United Kingdom's 1977 apple and pear crops by 26 percent each from 1976 levels, but sharply higher prices and lower real income are dampening the prospects for big increases in imports of these fruits.

This year's apple harvest is expected to total 250,000 metric tons compared with 338,000 tons in 1976/77 (July-June), and the pear crop 48,500 tons compared with 66,700 tons in the year-earlier period.

During 1976/77 Continental EC producers increased their share of the U.K. apple market, shipping to that destination 79 percent of their total apple exports of 333,209 tons. At the same time, the market shares of such traditional suppliers as South Africa, Australia, and New Zealand declined. Both the U.S. market share and shipments continued to decline.

This year, other EC apple producers are expected to export a significantly smaller volume to the United Kingdom because of limited supplies. Deciduous producers on the Continent this year harvested their poorest crops in 13 years.

In the short term, the position of U.K. fruit growers has been improving steadily in recent years and should continue to strengthen during the coming year. The short domestic and EC crops will bring higher prices to many growers, as did the disastrous potato crop to many U.K. spud growers in 1976/77.

With increased liberalization of imports from the EC and a lack of protective quotas, U.K. grower prospects depend as much on the quantity of fruit available in France as the volume of the U.K. crop. With a reduced French crop as well this year, U.K. prices are likely to retain their present high level for some time.

In the long term, French competition is likely to continue as a significant factor. In the past 5 years, France's apple production has been boosted by output from a number of growers settled and subsidized by the French Government when they left Algeria and returned to their native land.

The only impediment to floods of French Golden Delicious apples on the U.K. market is the trifling compensatory payment during the EC adjustment period, which ends this year. U.K. fruit growers have had to be very efficient, and thus far, have done remarkably well in holding down production and marketing costs and choosing varieties more acceptable than the French Golden Delicious—the chief competitor.

With Government help, U.K. growers have grubbed the older orchards of large trees extensively and replanted them with small rootstock trees that can be brought to bearing sooner and managed with greater ease.

Home growers have improved their quality with better grading, packing, and retail presentation. These steps have been achieved, with some Government help, by the formation of cooperatives, which organize the marketing and coordinate promotions of branded fruit.

U.K. storage has been developed to allow home crops to be held for many months in first-class condition so supermarkets and larger stores can be supplied with a guaranteed branded product over most of the year.

Even with these gains, however, the U.K. fruit industry has not been able to overcome the problem of EC (largely French) imports, which also are well graded and stored for long periods.

Also, French growers' promotion expenditures are matched with Government funds.

U.K. producers pin their hopes for the future of the domestic market on the Cox variety, a dessert apple that grows to perfection only in the cool U.K. northern climate, and on the Bramley, an excellent cooking apple.

Success of the U.K. strategy of emphasizing superior quality, maximum efficiency, and minimal cost is increasingly evident. The domestic grower is being wooed more intensively by the wholesale trade, and U.K. fruit is being exported to Europe at good prices. As a result, British apple growers are optimistic and confident of a viable, profitable industry, despite competition from other EC countries.

U.K. pear imports of 47,077 tons during 1976/77 were off 14 percent from the previous year's level. Imports from other European Community (EC) countries accounted for about 64 percent of the U.K. pear import market, while the Australian share dropped to 2 percent. South Africa accounted for almost one-third of total pear imports, and was the second largest supplier after Italy. □

Based on dispatch from William L. Rodman, U.S. Agricultural Attaché, London.

EC To Lower Duty on Apples

As a result of the current short apple crop in the European Community, the EC Council of Agricultural Ministers voted November 7 to lower the Common External Tariff (CXT) on fresh apples temporarily to 6 percent effective through January 31, 1978. The new CXT replaces the present 14 percent rate normally effective through December and the usual 10-percent January rate. □

Foreign Agriculture

Vol. XV No. 47 Nov. 21, 1977

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The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1979. Yearly subscription rate: $34.35 domestic, $42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

U.S. Exports to UAE Slowed By EC Competition

Sales of European agricultural products to the United Arab Emirates (UAE) in 1977 are outdistancing those from the United States, which once considered the UAE a rapidly growing market for U.S. cereals and processed foods.

U.S. farm exports to the UAE climbed from $1 million to $13.2 million during 1972-76. But during the first 11 months of fiscal 1977 (October 1976-August 1977), however, U.S. exports declined 5 percent, dropping to $11.4 million in value, compared with $11.9 million during the same months a year earlier.

During much of the same period, exports of agricultural commodities by the European Community (EC) to the UAE increased from $22 million in 1973 to a projected $90 million in 1977 (based on monthly rate of shipments by EC countries in early 1977).

Contributing to this rapid increase were subsidies provided by the EC for exports of wheat flour, frozen poultry, and dairy products.

Total agricultural imports by the Emirates in 1977 are expected to reach some $475 million, compared with $400 million and $327 million in 1976 and 1975, respectively.

Shipments of Australian wheat, wheat flour, and meat may double that country's exports to the UAE to some $50 million in 1977, and exports of rice and fresh produce from Pakistan and India may also boost those countries' export totals.

While U.S. exports of rice almost doubled to 1,562 tons, valued at $895,000 during the first 11 months of fiscal 1977, exports of wheat flour declined to 2,863 tons, compared with 5,590 tons during the same 11 months a year earlier. The value of these wheat flour exports fell to $600,000 from $1.3 million during the first 11 months of fiscal 1976.

U.S. exports of processed foods to the UAE jumped 17 percent to $6 million during this period. Exports of fruit preparations, frozen and canned vegetables, candy, and beverage ingredients were some items that also increased markedly during October 1976-August 1977.

Exports of canned meat during the 11-month period declined sharply (from $331,000 in 1975/76 to $144,000 in 1976/77) owing to competition from Europe, Australia, and Brazil.

U.S. exports of almonds and corn oil to the UAE remained strong during early 1977, while sales of popcorn and some other snack food items declined sharply. □

By John B. Parker, Jr., economist, Foreign Demand and Competition Division, Economic Research Service.

Japanese Beef Quota Upped

The Japanese Government has announced that the second-half (October to March) fiscal-1977 quota for beef imports is 50,000 tons, up 10,000 tons from the first-half level. Of this total, 40,000 tons have been allocated to the general beef quota.

Several additional smaller quotas—such as that for international hotels and restaurants, the school lunch program, and Okinawa—are expected to total 7,500 tons. Additionally, 2,500 tons that were not utilized under the second-half 1976/77 quota will be added to this year's second-half allotment.

This second-half quota of 50,000 tons brings the total quota for fiscal 1977/78 to 90,000 tons, slightly below the year-earlier level. The United States usually provides 10-15 percent of the quota. □